

Message Text

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ACTION AGR-08

INFO OCT-01 NEA-09 ISO-00 SP-02 AID-05 EB-07 NSC-05

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-02 H-01 DODE-00 PA-01 USIA-06 PRS-01 /087 W

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R 031420Z MAR 75

FM AMEMBASSY BEIRUT

TO AMEMBASSY SANAA

INFO SECSTATE WASHDC 3165

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PASS USDA

E.O. 11652: N/A

TAGS: EPAP, EAID, YE

SUBJECT: POSSIBILITIES FOR USG COMMODITY PROCUREMENT ASSISTANCE
YEMEN

1. AGATTACHE PITCHER KNOWS OF NO REPEAT NO USG PROGRAM UNDER WHICH YARG COULD CONTRACT FOR PURCHASES OF U.S. AGRICULTURAL COMMODITIES TO ENSURE STABLE PRICES OR SUPPLIES. EVEN IN COUNTRIES WHERE TITLE I PL 480 AGREEMENTS ARE IN EFFECT, PURCHASES THEREUNDER ARE MADE FROM U.S. EXPORTERS AT PREVAILING MARKET PRICES, I.E. THERE IS NO PRICE GUARANTEE. ALL PURCHASES FINANCED BY CCC EXPORT CREDIT SALES PROGRAM ALSO MADE FROM U.S. EXPORTERS AT PREVAILING PRICES.

2. PROBLEM FOR SMALL COUNTRIES TO GUARANTEE IMPORT SUPPLIES OF BASIC COMMODITIES GENERALLY MINIMAL FROM INTERNATIONAL MARKET STANDPOINT, DUE TO LARGE QUANTITIES OF SUCH COMMODITIES TRADED COMPARED TO INDIVIDUAL COUNTRY REQUIREMENTS. USUALLY THE PROBLEM IS ONE OF LACK OF EXPERIENCE AND UNDERSTANDIN OF INTERNATIONAL MARKET MECHANISM BY SOME GOVERNMENT PURCHASING AGENCIES AND HIGH
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LEVEL OFFICIALS. NORMALLY LARGE U.S. EXPORTERS WILL CONTRACT

CERTAIN COMMODITIES FOR DELIVERY OVER A LONGER PERIOD, BUT
GENERALLY NOT EXCEEDING ONE YEAR, LIKE WHEAT, CORN AND VEGTABLE
OIL WHICH CAN BE HEDGED ON U.S. COMMODITY FUTURE MARKETS. ANY
SUCH CONTRACTING WOULD BE STRICTLY COMMERCIAL TRANSACTIONS.

3. AGATT IS AWARE OF AN ARRANGEMENT TO GUARANTEE SUPPLY SEVERAL
YEARS AGO BETWEEN A FOREIGN BUYER AND U.S. EXPORTERS FOR PURCHASE
U.S. GRAINS. AGATT CONTACTED BEIRUT OFFICE OF GREAT PLAINS
WHEAT, INC. A USDA COOPERATOR, AND REQUESTED ITS DIRECTOR TO
PROVIDE EMBASSY SANAA INFORMATION ON THIS ARRANGEMENT AND ADDITIONAL
COMMENTS ON POSSIBILITIES FOR LONG TERM COMMERCIAL ARRANGEMENTS.
HOUGHTON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROCUREMENT, COMMODITIES, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Draft Date: 03 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: buchantr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975BEIRUT02824
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750074-0768
From: BEIRUT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750390/aaaadbbw.tel
Line Count: 73
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AGR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: buchantr
Review Comment: n/a
Review Content Flags:
Review Date: 13 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <13 AUG 2003 by izenbei0>; APPROVED <02 DEC 2003 by buchantr>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBILITIES FOR USG COMMODITY PROCUREMENT ASSISTANCE YEMEN
TAGS: EPAP, EAID, YE, US
To: SANAA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006